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Attorneys for Complainant
7

8 **BEFORE THE**
9 **CALIFORNIA BOARD OF ACCOUNTANCY**
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. AC-2004-37

13 RICHARD L. FRICK
1136 S. Calle de Maria
Palm Springs CA 92264

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

14 Certified Public Accountant
Certificate No. 55982,

Respondent.

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17 In the interest of settlement of this matter, consistent with the public interest and
18 the responsibilities of the California Board of Accountancy of the Department of Consumer
19 Affairs, the parties hereby agree to the following Stipulated Settlement and Disciplinary Order
20 which will be submitted to the Board for approval and adoption as the final disposition of the
21 Accusation No. 2004-37, relating to the Certified Public Accountant License of Respondent
22 Richard L. Frick.

23 **PARTIES AND JURISDICTION**

24 1. Carol Sigmann, Complainant, is the Executive Officer of the California Board of
25 Accountancy (the "Board"). She brought this action solely in her official capacity and is
26 represented in this matter by Bill Lockyer, Attorney General of the State of California, and by
27 Nicholas A. Sanchez and Jeanne C. Werner, Deputy Attorneys General.

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2. On or about May 11, 1990, the California Board of Accountancy issued Certified Public Accountant Certificate Number 55982 to Richard L. Frick, Respondent. The Certified Public Accountant Certificate was in full force and effect at all times relevant to the charges brought herein and is currently renewed in an inactive status through June 30, 2006. The certificate has not been the subject of prior Board discipline. Respondent is represented in this proceeding by Travers D. Wood, White & Case LLP.

3. Accusation No. AC-2004-37 was filed before the Board and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent, and Respondent has timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2004-37 is attached as Exhibit A and incorporated herein by reference.

WAIVERS & CONTINGENCY

4. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. AC-2004-37. Respondent has also carefully read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order.

5. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at his own expense; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every one of these rights.

6. It is understood that in signing this stipulation rather than further contesting the Accusation, Respondent is voluntarily consenting to the adoption of this Stipulated Settlement as the Board's Decision, enabling the Board of Accountancy of the State of California to issue the following order without further legal process. Respondent represents that no tender, offer,

1 promises, threats or inducements of any kind whatsoever have been made by the Board or any
2 member, officer, agent or representative thereof in consideration of this settlement offer or
3 otherwise to induce them to so consent.

4 7. This stipulation shall be subject to approval by the Board. Respondent
5 understands and agrees that Complainant, her counsel and the staff of the Board may
6 communicate directly with the Board regarding this stipulation and settlement, without notice to
7 or participation by Respondent or his counsel. By signing the stipulation, Respondent
8 understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation
9 prior to the time the Board considers and acts upon it.

10 8. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated
11 Settlement and Disciplinary Order shall be withdrawn. It shall be of no force or effect, except for
12 this paragraph. It shall have no evidentiary value, shall be inadmissible in any legal action
13 between the parties, and shall not be relied upon or introduced in any disciplinary, or other,
14 action or proceeding by either party hereto. In the event that the Stipulated Settlement is not
15 adopted, nothing recited herein shall be construed as a waiver of Respondent's right to a hearing
16 or as an admission of the truth of any of the matters charged. Communications pursuant to this
17 paragraph, and consideration of this matter, shall not disqualify the Board or other persons from
18 future participation in this or any other matter affecting Respondents. Respondent agrees that
19 should the Board reject this Stipulated Settlement and if this case proceeds to hearing,
20 Respondent will assert no claim that the Board was prejudiced by its review and discussion of
21 this Stipulation or of any records related hereto.

22 **ADMISSIONS AND FURTHER STIPULATIONS BETWEEN THE PARTIES**

23 9. Respondent admits the matters asserted in paragraphs 11 through 14 in the
24 Accusation (Exhibit A hereto). Respondent further admits that the matters charged in paragraphs
25 15 through 25 of the Accusation, if proven at hearing, constitute violations of the Accountancy
26 Act as charged and provide the basis for the Board's discipline of his license.

27 10. The parties stipulate that Ernst & Young LLP ("EY") had, at the time the audits were
28 performed, an internal system of policies and procedures for determining independence with

1 respect to its audit clients. Respondent asserts that he relied upon those policies and procedures
2 to conclude that EY was independent when he authorized the issuance of EY's reports on
3 PeopleSoft's financial statements. However, the U.S. Securities and Exchange Commission
4 found (see footnote 7 in the Accusation, attached as Exhibit A), in an action filed against EY,
5 that EY's policies and procedures were insufficient and that EY was not independent in fact and
6 appearance when it audited the financial statements of PeopleSoft for the year ended December
7 31, 1994,¹ through the year ended December 31, 1999. Respondent admits that, as a
8 consequence, although he did not believe EY's independence procedures to be insufficient, his
9 reliance on such procedures caused him to violate GAAS upon signing the audit reports.

10 11. Respondent agrees that his license is subject to discipline under Business and
11 Professions Code Section 5100, as set forth in Accusation No. 2004-37, and agrees to be bound
12 by the Board's imposition of discipline as set forth in the Disciplinary Order below. Respondent
13 further agrees not to take any action or make any public statement that creates, or tends to create,
14 the impression that any of the matters set forth in the Stipulated Settlement, Order and Decision
15 are without a factual basis.

16 12. The parties understand and agree that facsimile copies of this Stipulated
17 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same
18 force and effect as the originals.

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1. Respondent Frick had no role in the 1994 audit.

1 **IN CONSIDERATION OF THE FOREGOING** admissions and stipulations,
2 the parties agree that the Board may, without further notice or formal proceeding, issue and enter
3 the following Disciplinary Order:

4 **DISCIPLINARY ORDER**

5 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No.
6 2004-37 issued to Respondent Richard L. Frick is revoked. However, the revocation is stayed
7 and Respondent is placed on probation for a period of three (3) years, on the following terms and
8 conditions.

9 1. **Obey All Laws.** Respondent shall obey all federal, California, other
10 states' and local laws, including those rules relating to the practice of public accountancy in
11 California.

12 2. **Comply With Probation.** Respondent shall fully comply with the terms and
13 conditions of the probation imposed by the Board and shall cooperate fully with representatives
14 of the Board of Accountancy in its monitoring and investigation of the Respondent's compliance
15 with probation terms and conditions.

16 3. **Submit Written Reports.** Respondent shall submit, within ten (10) days of
17 completion of the quarter, written reports to the Board on a form obtained from the Board. The
18 Respondent shall submit, under penalty of perjury, such other written reports, declarations, and
19 verification of actions as are required. These declarations shall contain statements relative to
20 Respondent's compliance with all the terms and conditions of probation. Respondent shall
21 immediately execute all release of information forms as may be required by the Board or its
22 representatives.

23 4. **Personal Appearances.** Respondent shall, during the period of probation, appear
24 in person at interviews/meetings as directed by the Board or its designated representatives,
25 provided such notification is accomplished in a timely manner.

26 5. **Cost Reimbursement.** Respondent shall reimburse the Board \$15,000.00 for its
27 investigation and prosecution costs. The payment shall be made within 30 days of the date the
28 Board's decision is final.

1 6. **Practice Investigation.** Respondent shall be subject to, and shall permit, practice
2 investigation of the Respondent's professional practice. Such a practice investigation shall be
3 conducted by representatives of the Board, provided notification of such review is accomplished
4 in a timely manner.

5 7. **Ethics Course/Examination.** Respondent shall take and pass with a score of 90
6 percent or better a Board approved ethics examination (within a given period of time or prior to
7 the resumption of practice). (Exam will be passed prior to resumption of practice where license
8 has been suspended or where otherwise appropriate.)

9 If Respondent fails to pass said examination within the time period provided or
10 within two attempts, Respondent shall so notify the Board and shall cease practice until
11 Respondent takes and successfully passes said exam, has submitted proof of same to the Board,
12 and has been notified by the Board that he may resume practice. Failure to pass the required
13 examination no later than 100 days prior to the termination of probation shall constitute a
14 violation of probation. Notwithstanding any other provision of this probation, failure to take and
15 pass this examination within the first twelve (12) months of the effective date of this order
16 constitutes a separate cause for discipline of Respondent's license.

17 8. **Comply With Citations.** Respondent shall comply with all final orders resulting
18 from citations issued by the Board of Accountancy.

19 9. **Tolling of Probation For Out-of-State Residence/Practice.** In the event
20 Respondent should leave California to reside or practice outside this state, Respondent must
21 notify the Board in writing of the dates of departure and return. Periods of non-California
22 residency or practice outside the state shall not apply to reduction of the probationary period, or
23 of any suspension. No obligation imposed herein, including requirements to file written reports,
24 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise
25 affected by such periods of out-of-state residency or practice except at the written direction of the
26 Board.

27 10. **Violation of Probation.** If Respondent violates probation in any respect, the
28 Board, after giving Respondent notice and an opportunity to be heard, may revoke probation and


1 carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation
2 is filed against Respondent during probation, the Board shall have continuing jurisdiction until
3 the matter is final, and the period of probation shall be extended until the matter is final. If
4 Complainant herein finds cause to file a Petition to set aside its stay order and reinstate its order
5 of revocation, that is, a "Petition to Revoke Probation", or such a Petition in conjunction with an
6 Accusation, Respondent agrees to pay all costs of probation monitoring, as well as costs of
7 investigation and prosecution as defined in Business and Professions Code section 5017, if
8 Complainant successfully prosecutes said Petition.

9 11. **Completion of Probation.** Upon successful completion of probation,
10 Respondent's license will be fully restored.

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12 **ACCEPTANCE**

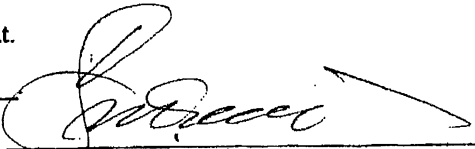
13 I have carefully read the above Stipulated Settlement and Disciplinary Order and
14 have fully discussed it with my attorney, Travers D. Wood. I understand the stipulation and the
15 effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated
16 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be
17 bound by the Decision and Order of the California Board of Accountancy.

18 DATED: February 24, 2006.

19 
20 RICHARD L. FRICK
Respondent

21 I have read and fully discussed with Respondent Richard L. Frick the terms and
22 conditions and other matters contained in the above Stipulated Settlement and Disciplinary
23 Order. I approve its form and content.

24 DATED: 2/27/06

25 
26 TRAVERS D. WOOD
White & Case LLP
27 Attorney for Respondent
28

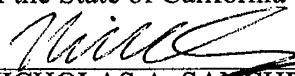
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ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

DATED: March 3, 2006.

BILL LOCKYER, Attorney General
of the State of California


NICHOLAS A. SANCHEZ
JEANNE C. WERNER
Deputy Attorneys General

Attorneys for Complainant

DOJ Matter ID: SF2004400689

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**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

RICHARD L. FRICK
1136 S. Calle de Maria
Palm Springs CA 92264

Certified Public Accountant
Certificate No. 55982,

Respondent.

Case No. AC-2004-37

DECISION AND ORDER

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order, relating to Certified Public Accountant Certificate No. 55982, issued to Richard L. Frick, is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on April 22, 2006.

It is so ORDERED March 22, 2006.


FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 BILL LOCKYER, Attorney General
of the State of California
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4 JEANNE C. WERNER, State Bar No. 93170
1515 Clay Street, 21st Floor~P.O. Box 70550
5 Oakland, CA 94612-0550
Deputy Attorneys General
6 California Department of Justice
Attorneys for Complainant
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10 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
11 **STATE OF CALIFORNIA**
12

13 In the Matter of the Accusation Against:

Case No. AC-2004-37

14 RICHARD L. FRICK
1136 S. Calle de Maria
15 Palm Springs CA 92264

ACCUSATION

16 Certified Public Accountant
Certificate No. 55982,

17 Respondent.
18

19 Carol Sigmann, the Complainant herein, alleges:

20 **PARTIES and JURISDICTION**

21 1. The Complainant herein, Carol Sigmann, brings this Accusation under Business
22 and Professions Code section 5100 solely in her official capacity as the Executive Officer of the
23 California Board of Accountancy, Department of Consumer Affairs ("Board").

24 2. On or about May 11, 1990, the California Board of Accountancy issued Certified
25 Public Accountant Certificate Number 55982 to Richard L. Frick, Respondent. The Certified
26 Public Accountant Certificate was in full force and effect at all times relevant to the charges
27 brought herein and is currently renewed in an inactive status through June 30, 2006.

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1 3. This Accusation is brought before the Board under the authority of section 5100
2 of the Business and Professions Code.^{1/}

3 **STATUTES & PROFESSIONAL STANDARDS**

4 4. Code section 5100 provides, in relevant part, that, after notice and hearing the
5 board may revoke, suspend or refuse to renew any permit or certificate granted, for
6 unprofessional conduct which includes, but is not limited to, one or any combination of the
7 causes specified therein, including the willful violation of the Accountancy Act or any rule or
8 regulation promulgated by the Board (section 5100(g)).

9 5. Code section 5062 requires that a licensee issue a report which conforms to
10 professional standards upon completion of an audit of financial statements.

11 6. Board Rule 65 (Title 16, Cal. Code Regs., § 65), a regulation of the Board,
12 requires that a licensee be independent in the performance of services in accordance with
13 professional standards.

14 7. Board Rule 58 (Title 16, Cal. Code Regs., § 58), a regulation of the Board,
15 requires that licensees engaged in the practice of public accountancy comply with all applicable
16 professional standards, including but not limited to generally accepted accounting principles and
17 generally accepted auditing standards.

18 8. Standards of practice^{2/} pertinent to this accusation and the engagements in issue
19 include, without limitation:

20 A. Generally Accepted Auditing Standards ("GAAS") issued by the American
21 Institute of Certified Public Accountants (AICPA). The ten GAAS (codified as AU §150) are
22 discussed in Statements on Auditing Standards ("SAS"). The SAS are codified, by "AU"
23 number, in the AICPA's *Codification of Statements on Auditing Standards*. Among the SAS
24

25 1. All statutory references are to the Business and Professions Code unless otherwise indicated.

26 2. "Generally accepted auditing standards" are the standards prescribed for the conduct of auditors in the
27 performance of an examination of management's financial statements. "Generally accepted accounting principles"
28 are the basic postulates and broad principles of accounting pertaining to business enterprises. These principles
establish guidelines for measuring, recording, and classifying the transactions of a business entity. *See* SEC v.
Arthur Young & Co., 590 F.2d 785, 788 nn. 2 & 4 (9th Cir. 1979).

relevant herein are those set forth in AU §150 (and elsewhere in the Statement on Auditing Standards) requiring Independence and Due Professional Care (requiring due professional care in the performance of the audit and in the preparation of the report), as well as Field Work Requirements (including Planning and Evidence in Support of the Opinion) and Standards of Reporting.

B. Requirements under Federal securities laws, including those in Regulation S-X^{3/} (auditor independence) of the U.S. Securities and Exchange Commission's ("SEC" or "Commission").

9. Code section 5107 provides for recovery by the Board of all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees in the Board's disciplinary actions brought under section 5100. A certified copy of the actual costs, or a good faith estimate of costs signed by the Executive Officer, constitute prima facie evidence of reasonable costs of investigation and prosecution of the case.

10. Code sections 118(b) and 5109 provide in pertinent part that the suspension, expiration, cancellation, or forfeiture of a license issued by the Board shall not, deprive the Board of its authority to investigate, or to institute or continue a disciplinary proceeding against, a licensee upon any ground provided by law, or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any such ground.

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3. **Regulation S-X (17 CFR §210)** addresses the requisite qualifications of accountants. The *Preliminary Note to Section 210.2-01* states that Section 210.2-01 is designed to ensure that auditors are qualified and independent of their audit clients both in fact and in appearance. Accordingly, the rule sets forth restrictions on financial, employment, and business relationships between an accountant and an audit client...Section 210.2-01(b) sets forth the general standard of auditor independence. The rest of the rule reflects the application of the general standard to particular circumstances. Section 210.2-02(b)(1) requires that the accountant's report state whether the audit was made in accordance with GAAS. Further, financial statements filed with the Commission must satisfy the Commission's requirements where those rules are stricter than GAAS.

CAUSES FOR DISCIPLINE

11. During the time period relevant herein, Respondent Frick was a Board licensee and was also a partner at Ernst and Young LLP,^{4/} a firm licensed by the Board to practice public accountancy in the State of California. Mr. Frick's office was in San Jose, California.

12. Respondent Frick was the audit engagement partner during EY's audits of the financial statements of PeopleSoft Inc.^{5/} ("PeopleSoft"). As the engagement partner, Respondent was responsible for signing the EY audit reports and issuing the auditor's opinions (which were unqualified) on PeopleSoft's financial statements for the fiscal years 1995 through the year ended December 31, 1999^{6/}. Respondent was the EY partner with ultimate responsibility for these five PeopleSoft audit engagements.

13. Respondent was also Ernst & Young's "coordinating partner" for the client, PeopleSoft, from the fall of 1995 until June 2000. As the coordinating partner, Mr. Frick was responsible for overseeing all EY services provided to PeopleSoft, that is, with the sole exception of overseeing the software implementation services that EY provided to third persons. As set forth in the paragraph which follows, EY was involved in business relationships with PeopleSoft related to software applications. Respondent's "coordinating partner" responsibility was concomitant with Respondent's responsibility as the audit engagement partner, as set forth in the preceding paragraph.

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4. "Ernst & Young" or "EY" when used herein refers to both Ernst & Young and Ernst & Young LLP. The Board filed a separate disciplinary action related to the PeopleSoft audits against EY's license, which was resolved by the Board's order in Case No. AC-2004-34, adopting a stipulated settlement on September 17, 2004, effective September 24, 2004. The stipulation and its attachments, including the Order of the SEC in the PeopleSoft matter, are attached hereto as Exhibit A and incorporated herein as though fully set forth.

5. PeopleSoft was a provider of software applications that assist companies in managing business activities.

6. The settlement referenced in footnote 4 concerned six audit engagements. Respondent was not involved in the first of these, for the year ended December 31, 1994. He assumed the responsibility of engagement partner after the issuance of the EY audit report issued for the audited financial statements of PeopleSoft as of December 31, 1994.

14. In issuing Ernst & Young’s audit reports as the engagement partner in the respective years, Respondent certified that Ernst & Young was independent, and that each audit (for the FYE’s 1995 through 1999) was conducted in accordance with Generally Accepted Auditing Standards (“GAAS”).

15. However, Ernst & Young was not independent in fact and appearance when it audited PeopleSoft's financial statements because EY's business relationships with PeopleSoft, including (1) dealings involving EY's International Tax Group with respect to Ernst & Young's Global Expatriate Management System (EY/GEMS) and/or (2) actions by Ernst & Young's Consulting Group, involving software implementation activities, created an impermissible identity or mutuality of interests.^{7/}

INDEPENDENCE VIOLATIONS

Violation of Board's Independence Rule: Rule 65/Bus. & Prof. Code § 5100(g)

16. Complainant realleges paragraphs 4, 6, and 11 through 15, above, and incorporates them herein by reference as if fully set forth at this point.

17. Respondent's certifications that EY was independent in the audits of PeopleSoft's financial statements, for the fiscal years ending 1995, 1996, 1997, 1998, and 1999, were, as found in the SEC decision (see footnote 7), contrary to fact and without foundation. The SEC found that Respondent's conclusions - that EY was independent in its audits of PeopleSoft for the referenced years - were contradicted by evidence known by, or available to, Respondent during the course of his audit procedures, such that EY's business relationships with PeopleSoft created an independence issue which required consideration and resolution by Respondent, the audit engagement partner. The lack of appropriate consideration and resolution of the

7. EY was disciplined by the SEC in its Order (and Decision) entered on April 26, 2004, in its case *In the Matter of Ernst & Young, LLP* (Administrative Proceeding File No. 3-10933), representing the final resolution of the Commission's case against Ernst and Young LLP concerning independence violations in its PeopleSoft audits. The *Order Granting Motion for Expedited Entry of Final Order and Notice That Initial Decision Has Become Final* was entered pursuant to a joint motion by the parties. The SEC Decision followed an administrative hearing during which Mr. Frick testified, but in which proceeding he was not named as an individual respondent by the SEC.

1 independence issue in the audits constitutes the violation of the Board's rule requiring
2 independence and provides cause for discipline of Respondent's license under Rule 65 in
3 conjunction with Code section 5100(g).

4 **Violation of Generally Accepted Auditing Standards**
5 **Rule 58/Bus. & Prof. Code § 5100(g)**

6 18. Complainant realleges paragraphs 4, 7, 8, and 11 through 15, above, and
7 incorporates them herein by reference as if fully set forth at this point.

8 19. Respondent's certifications that EY was independent in its audits of PeopleSoft
9 for the fiscal years ending 1995, 1996, 1997, 1998, and 1999, constitute violations of GAAS in
10 each of these audits, and provide cause for discipline of Respondent's license for his failure to
11 comply with GAAS, as required by Board Rule 58, in conjunction with Code section 5100(g) in
12 that he failed to conduct an adequate inquiry into the question of EY's independence prior to his
13 certifications.

14 **Violation of SEC Regulations on Auditor Independence:**
15 **Rule 58/Bus. & Prof. Code § 5100(g)**

16 20. Complainant realleges paragraphs 4, 7, 8, and 11 through 15, above, and
17 incorporates them herein by reference as if fully set forth at this point.

18 21. The SEC's independence requirements [Regulation S-X (17 CFR §210)],
19 referenced herein in paragraph 8.B. and footnote 3 above, require, *inter alia*, that the auditor be
20 independent in fact and appearance. The regulation sets forth restrictions on business
21 relationships between an accountant and an audit client. Section 210.2-02(b)(1) of the
22 regulation requires that the accountant's report state whether the audit was made in accordance
23 with GAAS. Further, financial statements filed with the Commission must satisfy the
24 Commission's requirements where those rules are stricter than GAAS.

25 22. Incorporating by reference the allegations in paragraphs 20 and 21, Respondent's
26 certifications that EY was independent in its audits of PeopleSoft for the fiscal years ending
27 1995, 1996, 1997, 1998, and 1999, constitute, in each of these audits, violations of the SEC's
28 requirements, providing cause for discipline of Respondent's license for his failure to comply

1 with professional standards under Board Rule 58 in conjunction with Code section 5100(g).

2 **REPORTING VIOLATIONS**

3 **Violations of Business and Professions Code § 5062 and** 4 **Board Rule 58/Bus. & Prof. § 5100(g)** 5 **Reports Must Conform to Standards**

6 23. Complainant realleges paragraphs 4 through 8 and 11 through 15, above, and
7 incorporates them herein by reference as if fully set forth at this point.

8 24. Respondent issued or caused to be issued reports, in the EY audits of PeopleSoft's
9 financial statements, for the fiscal years ending 1995, 1996, 1997, 1998, and 1999, which failed
10 to conform to GAAS and the SEC's Regulation S-X (17 CFR §210), constituting the violation,
11 for each audit, of Business and Professions Code section 5062 and providing cause for discipline
12 of Respondent's license thereunder in conjunction with Code section 5100(g).

13 25. Respondent issued or caused to be issued reports, in the EY audits of PeopleSoft's
14 financial statements, for the fiscal years ending 1995, 1996, 1997, 1998, and 1999, which failed
15 to conform to professional standards as set forth in GAAS and in the SEC's Regulation S-X (17
16 CFR §210), constituting the violation, for each audit report, of Board Rule 58 and providing
17 cause for discipline of Respondent's license thereunder in conjunction with Code section
18 5100(g).

18 **OTHER MATTERS**

19 26. Pursuant to Code section 5107, it is requested that the administrative law judge, as
20 part of the proposed decision in this proceeding, direct Respondent to pay to the Board all
21 reasonable costs of investigation and prosecution in this case, including, but not limited to,
22 attorneys' fees.

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1 **PRAYER**

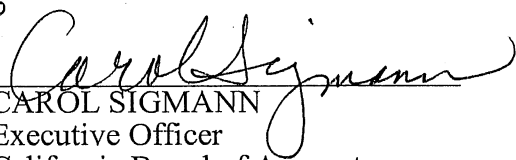
2 WHEREFORE, Complainant requests that a hearing be held on the matters herein
3 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

4 1. Revoking, suspending, or otherwise imposing discipline upon Certified Public
5 Accountant Certificate Number 55982, issued to Richard L. Frick;

6 2. Ordering Richard L. Frick to pay the California Board of Accountancy the
7 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
8 Professions Code section 5107;

9 3. Taking such other and further action as deemed necessary and proper.

10 DATED: February 21, 2006

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12 CAROL SIGMANN
13 Executive Officer
14 California Board of Accountancy
15 Department of Consumer Affairs
16 State of California
17 Complainant
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